

GCQ Flagship Fund

ARSN 664 242 531

**Annual report
For the year ended 30 June 2023**

GCQ Flagship Fund

ARSN 664 242 531

Annual report For the year ended 30 June 2023

Contents

Directors' report

Auditor's independence declaration

Statement of comprehensive income

Statement of financial position

Statement of changes in equity

Statement of cash flows

Notes to financial statements

Directors' declaration

Independent auditor's report to the unit holders of GCQ Flagship Fund

This annual report covers GCQ Flagship Fund as an individual entity.

The Responsible Entity of GCQ Flagship Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975).

The Responsible Entity's registered office is:

Level 1, 575 Bourke Street
Melbourne, VIC 3000.

Directors' report

The directors of Equity Trustees Limited, the Responsible Entity of GCQ Flagship Fund (the "Fund"), present their report together with the financial statements of the Fund for the year ended 30 June 2023.

Principal activities

The Fund was constituted on 8 December 2021, commenced operations on the 1 February 2022 and was registered with the Australian Securities and Investments Commission "(ASIC)" on 14 December 2022.

The objective of the Fund is to achieve superior compound returns on capital over a period greater than five years. The Fund will invest primarily in a concentrated portfolio of global equity securities designed to deliver superior risk-adjusted returns while preserving capital over the long-term. The Fund also has the capacity to short sell securities that GCQ Funds Management Pty Ltd (the "Investment Manager") believes to be vulnerable to material price declines. The Fund may invest in listed securities.

The Fund did not have any employees during the year.

There were no significant changes in the nature of the Fund's activities during the year.

The various service providers of the Fund are detailed below:

Service	Provider
Responsible Entity*	Equity Trustees Limited
Investment Manager	GCQ Funds Management Pty Ltd
Prime broker and Custodian	Morgan Stanley & Co. International plc.
Administrator**	Apex Fund Services Pty Ltd (an Apex Group Company)*
Statutory Auditor	Ernst & Young

*On 7 November 2022, the Responsible Entity for the Fund was changed from Specialised Investment and Lending Corporation Pty Ltd to Equity Trustees Limited.

**On 1 December 2022, the Administrator for the Fund was changed from SS&C Fund Services (Asia) Limited to Apex Fund Services Pty Ltd.

Directors

The following persons held office as directors of Specialised Investment and Lending Corporation Pty Ltd from 1 February 2022 to 6 November 2022:

Michelle Tay
Koby Jones

The following persons held office as directors of Equity Trustees Limited from 7 November 2022 and up to the signing date of this report:

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	
David B Warren	(appointed 6 March 2023)

Review and results of operations

During the year, the Fund continued to invest its funds in accordance with the Product Disclosure Statement, Offering Memorandum and the provisions of the Fund's Constitution.

The Fund's performance for A Class and B Class was 37.41% and 31.52% (net of fees) respectively for the year ended 30 June 2023. The Fund's performance for P Class was 32.65% (net of fees) for the period from 15 December 2022 to 30 June 2023. The Fund's benchmark is the lower of 7% per annum or the Federal Funds Rate plus 4% per annum.

The return achieved by the Fund for the reporting period is calculated as the percentage movement in NAV/units on issue from 30 June 2022 to 30 June 2023.

Directors' report (continued)

Review and results of operations (continued)

The performance of the Fund, as represented by the results of its operations, was as follows:

	Year ended 30 June 2023	For the period 1 February 2022 to 30 June 2022
Profit/(loss) before finance costs attributable to unit holders for the year (\$'000)	24,213	(9,358)
A Class Units		
Distributions paid and payable (\$000)	-	580
Distributions (cents per unit)	-	9.898
B Class Units		
Distributions paid and payable (\$000)	-	14
Distributions (cents per unit)	-	10.734
P Class Units		
Distributions paid and payable (\$000)	-	-
Distributions (cents per unit)	-	-

Significant changes in the state of affairs

During the financial year, the Fund changed its Responsible Entity per Deed of Retirement and Appointment dated 7 November 2022 followed by the retirement of Specialised Investment and Lending Corporation Pty Ltd and Fund Administrator to Apex Fund Services Pty Ltd per a Fund Administration Agreement dated 1 December 2022.

The Responsible Entity of the Fund was changed from Specialised Investment and Lending Corporation Pty Ltd to Equity Trustees Limited on 7 November 2022.

The Fund was registered with the Australian Securities and Investments Commission "(ASIC)" on 14 December 2022.

David B Warren was appointed as a director of Equity Trustees Limited on 6 March 2023.

In the opinion of the directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may have a significant effect on:

- i. the operations of the Fund in future financial years; or
- ii. the results of those operations in future financial years; or
- iii. the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the Product Disclosure Statement, Offering Memorandum and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnification and insurance of officers

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of Equity Trustees Limited. So long as the officers of Equity Trustees Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

Indemnification of auditor

The Responsible Entity has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify the auditor of the Fund against a liability incurred as auditor.

Directors' report (continued)

Fees paid to and interests held in the Fund by the Responsible Entity and its associates

Fees paid to the Responsible Entity and its associates out of Fund property during the year are disclosed in Note 14 to the financial statements.

No fees were paid out of Fund's property to the directors of the Responsible Entity during the year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 14 of the financial statements.

Interests in the Fund

The movement in units on issue in the Fund during the year is disclosed in Note 7 to the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 to the financial statements.

Environmental regulation

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

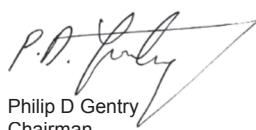
Rounding of amounts to the nearest thousand dollars

Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by the Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
6 October 2023



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the directors of Equity Trustees Limited as Responsible Entity for GCQ Flagship Fund

As lead auditor for the audit of the financial report of GCQ Flagship Fund for the financial year ended 30 June 2023, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Jonathan Hall'.

Jonathan Hall
Partner
6 October 2023

GCQ Flagship Fund
Statement of comprehensive income
For the year ended 30 June 2023

Statement of comprehensive income

		Year ended 30 June 2023 \$'000	For the period 1 February 2022 to 30 June 2022 \$'000
Investment income			
Dividend income		491	119
Interest income from financial assets at amortised cost		709	17
Net gains/(losses) on financial assets at fair value through profit or loss		25,610	(9,917)
Net foreign exchange gain/(loss)		(505)	(209)
Expense cap reimbursement	14	121	-
Other income		-	1,075
Total investment income/(loss)		26,426	(8,915)
Expenses			
Management fees	14	783	135
Dividend expense		20	4
Withholding taxes		107	24
Interest expense		986	155
Administration fees		95	25
Responsible entity fees	14	41	16
Audit fees	13	20	18
Other expenses		161	66
Total expenses		2,213	443
Profit/(loss) before finance costs attributable to unit holders for the year		24,213	(9,358)
Finance costs attributable to unit holders			
Distributions to unit holders		-	(594)
(Increase)/decrease in net assets attributable to unit holders		(24,213)	9,952
Profit/(loss) for the year		-	-
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		-	-

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

		As at	
	Note	30 June 2023 \$'000	30 June 2022 \$'000
Assets			
Cash and cash equivalents	9	28,563	53,445
Receivables	11	68	53
Due from brokers - receivable for securities sold		223	521
Financial assets at fair value through profit or loss	5	112,430	49,122
Total assets		141,284	103,141
Liabilities			
Margin accounts		15,931	51,851
Distribution payable	8	-	594
Payables	12	249	153
Due to brokers - payable for securities purchased		2,039	254
Applications received in advance		8,051	50
Financial liabilities at fair value through profit or loss	6	2,866	309
Total liabilities (excluding net assets attributable to unit holders)		29,136	53,211
Net assets attributable to unit holders - liability	7	112,148	49,930

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Year ended 30 June 2023 \$'000	For the period 1 February 2022 to 30 June 2022 \$'000
Total equity at the beginning of the financial year	-	-
Comprehensive income for the financial year		
Profit/(loss) for the year	-	-
Other comprehensive income	-	-
Total comprehensive income	-	-
Transactions with unit holders		
Applications	-	-
Total transactions with unit holders	-	-
Total equity at the end of the financial year*	-	-

*Under Australian Accounting Standards, net assets attributable to unit holders are classified as a liability rather than equity. As a result there was no equity at the start or end of the financial year.

As a result, the Fund's distributions to unit holders and (increase)/decrease in net assets attributable to unit holders have been classified as finance costs in the statement of comprehensive income.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Year ended	For the period
	30 June	1 February
	2023	2022 to
	\$'000	30 June 2022
		\$'000
Cash flow from operating activities		
Proceeds from sale of financial instruments at fair value through profit or loss	30,508	(212)
Payments for purchase of financial instruments at fair value through profit or loss	(63,566)	(58,786)
Net movement in margin accounts	(35,920)	51,851
Interest income received from financial assets at amortised cost	685	17
Dividends and distributions received	491	119
Expense cap reimbursement income received	132	(46)
Other income received	-	1,075
Dividend expenses paid on short position securities	(20)	(4)
Interest expenses paid	(969)	(101)
Management fees paid	(730)	(85)
Administration fees paid	(77)	(25)
Responsible entity fees paid	(41)	(16)
Audit fees paid	(18)	-
Other expenses paid	(264)	(65)
Net cash inflow/(outflow) from operating activities	(69,789)	(6,278)
	10(a)	
Cash flows from financing		
Proceeds from applications by unit holders	39,012	59,882
Payments for redemptions by unit holders	(1,601)	-
Applications received in advance	8,001	50
Net cash inflow/(outflow) from financing activities	45,412	59,932
Net increase/(decrease) in cash and cash equivalents		
	(24,377)	53,654
Cash and cash equivalents at the beginning of the year	53,445	-
Effect of foreign currency exchange rate changes on cash and cash equivalents	(505)	(209)
Cash and cash equivalents at the end of the year	28,563	53,445
	9	
Non-cash operating and financing activities	600	-
	10(b)	

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Contents

- 1 General information
- 2 Summary of significant accounting policies
- 3 Financial risk management
- 4 Fair value measurement
- 5 Financial assets at fair value through profit or loss
- 6 Financial liabilities at fair value through profit or loss
- 7 Net assets attributable to unit holders - liability
- 8 Distributions to unit holders
- 9 Cash and cash equivalents
- 10 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
- 11 Receivables
- 12 Payables
- 13 Remuneration of auditors
- 14 Related party transactions
- 15 Events occurring after the reporting period
- 16 Contingent assets and liabilities and commitments

1. General information

These financial statements cover GCQ Flagship Fund (the "Fund") as an individual entity. The Fund is an Australian registered managed investment scheme which was constituted on 8 December 2021 and will terminate in accordance with the provisions of the Fund's Constitution or by law.

The Fund commenced operations on 1 February 2022, registered with the Australian Securities and Investments Commission "(ASIC)" on 14 December 2022.

During the financial year, the Fund changed its Responsible Entity per Deed of Retirement and Appointment dated 7 November 2022 followed by the retirement of Specialised Investment and Lending Corporation Pty Ltd.

The Responsible Entity of the Fund is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975) (the "Responsible Entity"). The Responsible Entity's registered office is Level 1, 575 Bourke Street, Melbourne, VIC 3000. The financial statements are presented in the Australian currency unless otherwise noted.

The objective of the Fund is to achieve superior compound returns on capital over a period greater than five years. The Fund will invest primarily in a concentrated portfolio of global equity securities designed to deliver superior risk-adjusted returns while preserving capital over the long-term. The Fund also has the capacity to short sell securities that GCQ Funds Management Pty Ltd (the "Investment Manager") believes to be vulnerable to material price declines. The Fund may invest in listed securities.

The financial statements were authorised for issue by the directors on the date the Directors' declaration was signed. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all period presented, unless otherwise stated in the following text.

a. Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and net assets attributable to unit holders.

The Fund manages financial assets at fair value through profit or loss based on the economic circumstances at any given point in time, as well as to meet any liquidity requirements. As such, it is expected that a portion of the portfolio will be realised within 12 months, however, an estimate of that amount cannot be determined as at reporting date.

In the case of net assets attributable to unit holders, the units are redeemable on demand at the unit holder's option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within 12 months cannot be reliably determined.

i. Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Fund also comply with IFRS as issued by the International Accounting Standards Board (IASB).

ii. New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

The Fund changed its basis of preparation of financial statements from General Purpose Financial Statements - Simplified Disclosures (Tier 2) to General Purpose Financial Statements (Tier 1) effective for the financial year beginning 1 July 2022. Other than the change in disclosure requirements, the adoption of GPFS (Tier 1) has no significant impact on the financial statements.

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

iii. *New standards and interpretations not yet adopted*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2023 and have not been early adopted in preparing these financial statements.

None of these are expected to have a material effect on the financial statements of the Fund.

b. Financial instruments

i. *Classification*

- Financial assets

The Fund classifies its financial assets in the following measurement categories:

- those to be measured at fair value through profit or loss; and
- those to be measured at amortised cost.

The Fund classifies its financial assets based on the Fund's business model for managing those financial assets and contractual cash flow characteristics of the financial assets.

The Fund's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information.

For equity securities, the contractual cash flows of these instruments do not represent solely payments of principal and interest. Consequently, these investments are measured at fair value through profit or loss.

For cash and cash equivalents, margin accounts, due from brokers and receivables, these assets are held in order to collect the contractual cash flows and the contractual terms of these assets give rise on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding. Consequently, these are measured at amortised cost.

- Financial liabilities

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss.

For financial liabilities that are not classified at fair value through profit or loss, these are classified as financial liabilities at amortised cost (due to brokers, distributions payable, interest payable, applications received in advance, management fees payable, administration fees payable, audit fees payable, tax advisory fees payable and other payables).

ii. *Recognition and derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

iii. *Measurement*

- Financial instruments at fair value through profit or loss

At initial recognition, the Fund measures a financial asset and a financial liability at its fair value. Transaction costs of financial assets and liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

2. Summary of significant accounting policies (continued)

b. Financial instruments (continued)

iii. Measurement (continued)

- Financial instruments at fair value through profit or loss (continued)

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in fair value of 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

For further details on how they fair value of financial instruments is determined, please see Note 4 to the financial statements.

- Financial instruments at amortised cost

For financial assets and financial liabilities at amortised cost, they are initially measured at fair value including directly attributable costs and are subsequently measured using the effective interest rate method less any allowance for expected credit losses.

Cash and cash equivalents, margin accounts, due from brokers and receivables are carried at amortised cost.

iv. Impairment

At each reporting date, the Fund shall estimate a loss allowance on each of the financial assets carried at amortised cost (cash and cash equivalents, due from broker and receivables) at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counter party, probability that the counter party will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that the asset is credit impaired. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

The expected credit loss (ECL) approach is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

v. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when the Fund has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the end of the reporting period, there are no financial assets or liabilities offset or with the right to offset in the statement of financial position.

c. Net assets attributable to unit holders

Units are redeemable at the unit holders' option; however, applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unit holders.

The units are classified as financial liabilities as the Fund is required to distribute its distributable income in accordance with the Fund's Constitution.

The units can be put back to the Fund at any time for cash based on the redemption price, which is equal to a proportionate share of the Fund's net asset value attributable to the unit holders.

The units are carried at the redemption amount that is payable at the reporting date if the holder exercises the right to put the units back to the Fund.

2. Summary of significant accounting policies (continued)

d. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as tradings of these securities represents the Fund's main income generating activity.

e. Margin accounts

Margin accounts comprise cash held as collateral for derivative transactions and short sales. The cash is held by the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

f. Investment Income

i. Interest income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities measured at fair value through profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments (for example, prepayment options) but does not consider future credit losses. The calculation includes rate, including transaction costs and all other premiums or discounts.

Changes in fair value of financial instruments at fair value through profit or loss are recorded in accordance with the policies described in Note 2(b) to the financial statements.

ii. Dividends and distributions

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. The Fund currently incurs withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Trust distributions are recognised on an entitlement basis.

g. Expenses

All expenses are recognised in the statement of comprehensive income on an accrual basis.

Interest expense from financial liability at amortised cost is recognised using the effective interest method and includes interest expenses from the credit facility.

Dividend expenses on short positions in equity securities equal to the dividends due on these securities. Such dividend expense is recognised in profit or loss when the shareholders' right to receive payment is established.

h. Income tax

Under current legislation, the Fund is not subject to income tax provided it attributes the entirety of its taxable income to its unit holders on present entitlement basis.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the statement of comprehensive income. Withholding taxes are included in the statement of comprehensive income as an expense.

i. Distributions

The Fund may distribute its distributable income, in accordance with the Fund's Constitution, to unit holders by cash or reinvestment. The distributions are recognised in the statement of comprehensive income as finance costs attributable to unit holders.

2. Summary of significant accounting policies (continued)

j. Increase/decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders. As the Fund's units are classified as financial liabilities, movements in net assets attributable to unit holders are recognised in the statement of comprehensive income as finance costs.

k. Foreign currency transactions

i Functional and presentation currency

Balances included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

ii Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined.

The Fund does not isolate that portion of gains or losses on financial instruments at fair value through profit or loss which is due to changes in foreign exchange rates. Such fluctuations are included in the net gains/(losses) on financial instruments at fair value through profit or loss.

l. Due from/to brokers

Amount due from/to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet delivered by the end of the year. The due from brokers balance is held for collection and is recognised initially at fair value and subsequently measured at amortised cost.

m. Receivables

Receivables may include amounts for interest and dividends. Dividends are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 30 days of being recorded as receivables.

n. Payables

Payables include liabilities, accrued expenses owed by the Fund and any distributions declared which are unpaid as at the end of the reporting period.

A separate distribution payable is recognised in the statement of financial position.

Distributions declared effective 30 June in relation to unit holders who have previously elected to reinvest distributions are recognised as reinvested effective 1 July of the following financial year.

o. Goods and Service Taxes

The GST incurred on the costs of various services provided to the Fund by third parties such as management, administration and custodian services where applicable have been passed on to the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at a rate of at least 55%. Hence fees for these services and any other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Amounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

p. Applications and redemptions

Applications received for units in the Fund are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded as the cancellation of units redeemed. Applications received in advance represent subscriptions cash proceed received prior to the subscriptions dealing date.

q. Use of estimates and judgements

The Fund makes estimates, assumptions and judgements that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. Summary of significant accounting policies (continued)

q. Use of estimates and judgements (continued)

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example over-the-counter derivatives or unquoted securities, are fair valued using valuation techniques. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations, require management to make estimates and judgements. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The Fund estimates that the resultant expected credit loss (ECL) derived from using impairment model has not materially impacted the Fund. Please see Note 3 for more information on credit risk.

For more information on how fair value is calculated refer to Note 4 to the financial statements.

r. Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191 relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollar, unless otherwise indicated.

s. Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3. Financial risk management

The Fund's activities expose it to a variety of financial risks including market risk (which incorporates price risk, foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Fund's overall risk management program focuses on ensuring compliance with the Fund's Information Memorandum and the investment guidelines of the Fund. It also seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise potential adverse effects on the Fund's financial performance.

All investments present a risk of loss of capital. The maximum loss of capital on long equity securities is limited to the fair value of those positions. On equities sold short, the maximum loss of capital can be unlimited.

The investments of the Fund, and associated risks, are managed by a specialist Investment Manager, GCQ Funds Management Pty Ltd under an Investment Management Agreement (IMA) approved by the Responsible Entity and containing the investment strategy and guidelines of the Fund, consistent with those stated in the Product Disclosure Statement and Offering Memorandum.

The Fund uses different methods to measure different types of risk to which it is exposed. These methods are explained below.

a. Market risk

i. Price risk

The Fund is exposed to price risk on equity securities listed or quoted on recognised securities exchanges. Price risk arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments are denominated in currencies other than the Australian dollar, the price in the future will also fluctuate because of changes in foreign exchange rates which are considered a component of price risk.

Price risk is managed by seeking to diversify the Fund's investment as it deems appropriate and consistent with the Fund's investment objective.

The table at Note 3(b) summarises the sensitivities of the Fund's assets and liabilities to price risk. The analysis is based on the reasonably possible shift that the investment portfolio of the Fund moves by +/-10% (2022: +/-10%).

ii. Foreign exchange risk

The Fund operates internationally and holds both monetary and non-monetary assets denominated in currencies other than the Australian dollar. Foreign exchange risk arises as the value of monetary securities denominated in other currencies fluctuate due to changes in exchange rates. The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk and not foreign exchange risk. However, the Investment Manager monitors the exposure of all foreign currency denominated assets and liabilities.

3. Financial risk management (continued)

a. Market risk (continued)

ii. Foreign exchange risk (continued)

The Fund generally seeks to hedge its respective foreign currency exposure on financial assets but will necessarily be subject to foreign exchange risks.

The Investment Manager monitors this risk on an on-going basis. The Investment Manager manages risk on an absolute return basis in the reporting currency (i.e. Australian dollar), rather than the underlying currencies. Foreign exchange rate risk is managed by depositing surplus foreign currency in a foreign currency account for later use, or by borrowing foreign currency to pay for foreign currency purchases, and then using the foreign currency to repay the borrowing.

The table below summarises the fair value of the Fund's financial assets and liabilities, monetary and non-monetary, which are denominated in a currency other than the Australian dollar.

As at 30 June 2023	Great British Pounds A\$'000	Euros A\$'000	Swedish Kronas A\$'000	Swiss Francs A\$'000	US Dollars A\$'000	All other currencies A\$'000
Cash and cash equivalents	-	3	-	-	-	-
Financial assets at fair value through profit or loss	7,678	2,224	11,457	4,654	84,478	1,940
	<u>7,678</u>	<u>2,227</u>	<u>11,457</u>	<u>4,654</u>	<u>84,478</u>	<u>1,940</u>
Margin accounts	(339)	(109)	(226)	(230)	(9,861)	(36)
Payables	(1)	-	(2)	(1)	(67)	(1)
Due to brokers - payable for securities purchased	(123)	(38)	(386)	(74)	(1,344)	(74)
Financial liabilities at fair value through profit or loss	-	(228)	-	-	-	-
	<u>(463)</u>	<u>(375)</u>	<u>(614)</u>	<u>(305)</u>	<u>(11,272)</u>	<u>(111)</u>
Net exposure	<u>7,215</u>	<u>1,852</u>	<u>10,843</u>	<u>4,349</u>	<u>73,206</u>	<u>1,829</u>
As at 30 June 2022						
Due from brokers - receivable for securities sold	-	-	-	-	-	521
Financial assets at fair value through profit or loss	-	5,172	256	3,126	40,057	511
	<u>-</u>	<u>5,172</u>	<u>256</u>	<u>3,126</u>	<u>40,057</u>	<u>1,032</u>
Margin accounts	-	(4,996)	-	(2,848)	(43,054)	(953)
Due to brokers - payable for securities purchased	-	-	(254)	-	-	-
	<u>-</u>	<u>(4,996)</u>	<u>(254)</u>	<u>(2,848)</u>	<u>(43,054)</u>	<u>(953)</u>
Net exposure	<u>-</u>	<u>176</u>	<u>2</u>	<u>278</u>	<u>(2,997)</u>	<u>79</u>

The table at Note 3(b) summarises the sensitivities of the Fund's monetary assets and liabilities to foreign exchange risk. The analysis is based on the reasonably possible shift that the Australian dollar weakened and strengthened by 10% (2022: +/-10%) against the material foreign currencies to which the Fund is exposed.

iii. Interest rate risk

The Fund is exposed to cash flow interest rate risk on financial instruments with variable interest rates. Financial instruments with fixed rates expose the Fund to fair value interest rate risk.

The Fund's interest bearing financial instruments expose them to risks associated with the effects of fluctuation in the prevailing market interest rate on its financial positions and cash flows. The impact of interest rate risk on the profit and the profit and net assets attributable to unit holders is considered immaterial to the Fund.

Interest rate risk management is undertaken by maintaining as close to a fully invested position as possible thus limiting the exposure of the Fund to interest rate risk.

The Fund's main interest rate risk arises from its investments in cash holdings, net of broker advances. Interest income from cash holdings is earned at variable interest rates.

It is not possible for the Fund to manage interest rate risks (by fixing rates) as the Fund may need to draw on the cash at any point in time.

3. Financial risk management (continued)

a. Market risk (continued)

iii. Interest rate risk (continued)

The table below summarises the Fund's exposure to interest rate risks at the end of the reporting period.

As at 30 June 2023	Floating interest rate \$'000	Non-interest bearing \$'000	Total \$'000
Financial assets			
Cash and cash equivalents	28,563	-	28,563
Receivables	24	44	68
Due from brokers - receivable for securities sold	-	223	223
Financial assets at fair value through profit or loss	-	112,430	112,430
Total financial assets	28,587	112,697	141,284
Financial liabilities			
Margin accounts	15,931	-	15,931
Payables	71	178	249
Due to brokers - payable for securities purchased	-	2,039	2,039
Applications received in advance	-	8,051	8,051
Financial liabilities at fair value through profit or loss	-	2,866	2,866
Total financial liabilities	16,002	13,134	29,136
Net exposure	12,585	99,563	112,148
As at 30 June 2022			
Financial assets			
Cash and cash equivalents	53,445	-	53,445
Receivables	-	53	53
Due from brokers - receivable for securities sold	-	521	521
Financial assets at fair value through profit or loss	-	49,122	49,122
Total financial assets	53,445	49,696	103,141
Financial liabilities			
Margin accounts	51,851	-	51,851
Distribution payable	-	594	594
Payables	-	153	153
Due to brokers - payable for securities purchased	-	254	254
Applications received in advance	-	50	50
Financial liabilities at fair value through profit or loss	-	309	309
Total financial liabilities	51,851	1,360	53,211
Net exposure	1,594	48,336	49,930

The table at Note 3(b) summarises the impact of an increase/decrease in interest rates on the Fund's operating profit and net assets attributable to unit holders through changes in fair value or changes in future cash flows. The analysis is based on the reasonably possible shift that the interest rates changed by +/- 100 basis points (2022: +/- 100 basis points) from the year end rates with all other variables held constant.

3. Financial risk management (continued)

b. Summarised sensitivity analysis

The following table summarises the sensitivity of the Fund's operating profit and net assets attributable to unit holders to market risks. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in foreign exchange rates, interest rates and the historical correlation of the Fund's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performances of the economies, markets and securities in which the Fund invests. As a result, historic variations in risk variables should not be used to predict future variances in the risk variables.

	Impact on operating profit/(loss)/ net assets attributable to unit holders					
	Price risk		Foreign exchange risk		Interest rate risk	
	+10% \$'000	-10% \$'000	+10% \$'000	-10% \$'000	+100bps \$'000	-100bps \$'000
As at 30 June 2023	10,956	(10,956)	(1,291)	1,291	126	(126)
As at 30 June 2022	4,881	(4,881)	(5,158)	5,158	16	(16)

c. Credit risk

The Fund is exposed to credit risk, which is the risk that a counterparty will be unable to pay its obligations in full when they fall due, causing a financial loss to the Fund.

The Fund determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At 30 June 2023 and 30 June 2022, all receivables, amounts due from brokers, cash and short-term deposits are held with counterparties with a credit rating of AA- or higher and are either callable on demand or due to be settled within 1 week. Management considers the probability of default to be close to zero as these instruments have a low risk of default and the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Fund.

i. Settlement of securities transactions

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment. Payment is made once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

At 30 June, the credit ratings of the Fund's custodians and prime brokers as per Standard and Poor's were as follows:

	2023	2022
Custodian		
Morgan Stanley & Co. International plc	A+	A+

ii. Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA- (as determined by Standard and Poor's) or higher.

The counterparties rating as at 30 June 2023 were National Australia Bank with a rating of AA-.

iii. Other

The Fund is not materially exposed to credit risk on other financial assets.

iv. Maximum exposure to credit risk

The maximum exposure to credit risk before any credit enhancements at the end of each reporting period is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

3. Financial risk management (continued)

d. Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

Exposure to liquidity risk for the Fund may arise from the requirement to meet daily unit holder redemption requests or to fund foreign exchange related cash flow requirements.

The Investment Manager manages liquidity risk by monitoring the asset size of the Fund as a whole on executing transactions.

The assets of the Fund are largely in the form of readily tradeable securities which can be sold on-market if necessary. Accordingly, the Fund is not considered to be exposed to material liquidity risk.

In order to manage the Fund's overall liquidity, the Responsible Entity has the discretion to reject an application for units and to defer or adjust a redemption of units if the exercise of such discretion is in the best interests of unit holders. The Fund did not reject or withhold any redemption during 2023 and 2022.

i. Maturities of non-derivative financial liabilities

All non-derivative financial liabilities of the Fund in the current and prior period have maturities of less than 1 month.

4. Fair value measurement

The Fund measures and recognises financial assets and liabilities at fair value through profit or loss on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss (see Note 5 and Note 6)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value hierarchy;

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2);
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Fund values its investments in accordance with the accounting policies set out in Note 2 to the financial statements. For the majority of its investments, the Fund relies on information provided by independent pricing services for the valuation of its investments.

a. Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets (such as listed equity securities) is based on their quoted market prices at the closing of trading at the end of the reporting period without any deduction for estimated future selling costs.

The quoted market price used for financial assets held by the Fund is the current bid price; the quoted market price for financial liabilities is the current asking price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

b. Recognised fair value measurements

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 30 June 2023 and 30 June 2022.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
As at 30 June 2023				
Financial assets				
Listed equities	112,430	-	-	112,430
Total financial assets	112,430	-	-	112,430
Financial liabilities				
Listed equities	2,866	-	-	2,866
Total financial liabilities	2,866	-	-	2,866

4. Fair value measurement (continued)

b. Recognised fair value measurements (continued)

As at 30 June 2022	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Listed equities	49,122	-	-	49,122
Total financial assets	49,122	-	-	49,122
Financial liabilities				
Listed equities	309	-	-	309
Total financial liabilities	309	-	-	309

c. Transfer between levels

Management's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfer between levels in the fair value hierarchy at the end of the reporting period (2022: nil).

d. Financial instruments not carried at fair value

The financial instruments not measured at fair value through the profit and loss include:

- i. Cash and cash equivalent, balances due from/to brokers and receivables/payables under sale and repurchase agreements. These are short-term financial assets and financial liabilities whose carrying values approximate fair value, because of their short-term nature and the high credit quality of counterparties; and
- ii. Net assets attributable to unit holders, as the Fund routinely redeems and issues units at an amount equal to the proportionate share of the Fund's net assets at the time of redemption, calculated on a basis consistent with that used in these financial statements. Accordingly, the carrying value of net assets attributable to unit holders approximates their fair value. Any difference is not material in the current year or prior year.

5. Financial assets at fair value through profit or loss

	30 June 2023 \$'000	As at 30 June 2022 \$'000
Listed equities	112,430	49,122
Total financial assets at fair value through profit or loss	112,430	49,122

An overview of the risk exposures and fair value measurements relating to financial assets at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

6. Financial liabilities at fair value through profit or loss

	30 June 2023 \$'000	As at 30 June 2022 \$'000
Listed equities	2,866	309
Total financial liabilities at fair value through profit or loss	2,866	309

An overview of the risk exposures and fair value measurements relating to financial liabilities at fair value through profit or loss is included in Note 3 and Note 4 to the financial statements.

7. Net assets attributable to unit holders - liability

The Fund's units are classified as a liability as they do not meet the definition of a financial instrument to be classified as equity.

As a result, the Fund's distributions to unit holders and (increase)/decrease in net assets attributable to unit holders have been classified as finance costs in the statement of comprehensive income.

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	Year ended		For the period 1 February 2022 to	
	30 June 2023 Units '000	30 June 2023 \$'000	30 June 2022 Units '000	30 June 2022 \$'000
A Class Units				
Opening balance	59	48,802	-	-
Applications	17	16,251	59	58,632
Redemptions	(2)	(1,599)	-	-
Increase/(decrease) in net assets attributable to unit holders	-	21,416	-	(9,830)
Series roll-up	1	-	-	-
Transfers in/(out)	(8)	(7,809)	-	-
Closing balance	67	77,061	59	48,802
B Class Units				
Opening balance	1	1,128	-	-
Applications	-	14	1	1,250
Increase/(decrease) in net assets attributable to unit holders	-	325	-	(122)
Transfers in/(out)	-	(252)	-	-
Closing balance	1	1,215	1	1,128
P Class Units				
Opening balance	-	-	-	-
Applications	19,094	23,341	-	-
Redemptions	(2)	(2)	-	-
Increase/(decrease) in net assets attributable to unit holders	-	2,472	-	-
Transfers in/(out)	7,338	8,061	-	-
Closing balance	26,430	33,872	-	-
Closing balance	26,498	112,148	60	49,930

As stipulated within the Fund's Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund.

There are three separate classes of units (30 June 2022: three separate classes of units) and each unit has the same rights attaching to it as all other units of the Fund.

Units are redeemed on-demand at the unit holders' option. However, holders of these instruments typically retain them for the medium to long term. As such, the amount expected to be settled within twelve months after the end of the reporting period cannot be reliably determined.

Capital risk management

The Fund considers its net assets attributable to unit holders as capital, notwithstanding that net assets attributable to unit holders are classified as a liability. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to at least daily applications and redemptions at the discretion of unit holders.

Daily applications and redemptions are reviewed relative to the liquidity of the Fund's underlying assets on a daily basis by the Responsible Entity. Under the terms of the Fund's Constitution, the Responsible Entity has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unit holders.

8. Distributions to unit holders

The distributions declared during the year were as follows:

	Year ended		For the period 1 February 2022 to	
	30 June 2023 \$'000	30 June 2023 CPU	30 June 2022 \$'000	30 June 2022 CPU
A Class Units				
June (payable)	-	-	580	9,898
Total distributions	-	-	580	9,898
B Class Units				
June (payable)	-	-	14	10,734
Total distributions	-	-	14	10,734
P Class Units				
June (payable)	-	-	-	-
Total distributions	-	-	-	-
Total distributions	-	-	594	

9. Cash and cash equivalents

	As at	
	30 June 2023 \$'000	30 June 2022 \$'000
Cash at bank	22,101	26,750
Cash at broker	6,462	26,695
Total cash and cash equivalents	28,563	53,445

10. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

a. Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	For the period
	30 June 2023 \$'000	1 February 2022 to 30 June 2022 \$'000
Increase/(decrease) in net assets attributable to unit holders	24,213	(9,952)
Distributions to unit holders	-	594
Proceeds from sale of financial instruments at fair value through profit or loss	30,508	(212)
Payments for purchase of financial instruments at fair value through profit or loss	(63,566)	(58,786)
Net (gains)/losses on financial instruments at fair value through profit or loss	(25,610)	9,917
Net foreign exchange (gain)/loss	505	209
Net change in margin accounts	(35,920)	51,851
Net change in receivables	(15)	(53)
Net change in payables	96	154
Net cash inflow/(outflow) from operating activities	(69,789)	(6,278)

b. Non-cash operating and financing activities

The following distribution payments to unit holders were satisfied by the issue of units under the distribution reinvestment plan

Units issued in lieu of management fee rebates	594	-
Total non-cash operating and financing activities	600	-

11. Receivables

	As at	
	30 June	30 June
	2023	2022
	\$'000	\$'000
Interest receivable	24	-
Expense cap reimbursement receivable	35	46
GST receivable	9	7
Total receivables	68	53

12. Payables

	As at	
	30 June	30 June
	2023	2022
	\$'000	\$'000
Management fees payable	103	50
Interest payable	71	54
Administration fees payable	18	-
Audit fees payable	20	18
Tax advisory fees payable	20	23
Other payables	17	8
Total payables	249	153

13. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditors of the Fund:

	Year ended 30 June 2023 \$	For the period
		1 February 2022 to 30 June 2022 \$
Ernst & Young		
<i>Audit and other assurance services</i>		
Audit of financial statements	19,500	17,680
Total remuneration for audit and other assurance services	19,500	17,680
<i>Taxation services</i>		
Tax compliance services	16,450	-
Total remuneration for taxation services	16,450	-
Total remuneration of Ernst & Young	35,950	17,680
PricewaterhouseCoopers		
<i>Audit and other assurance services</i>		
Audit of compliance plan	2,346	-
Total auditor remuneration and other assurance services	2,346	-
Total remuneration of PricewaterhouseCoopers	2,346	-
Total remuneration of auditors	38,296	17,680

The auditors' remuneration is borne by the Fund. Fees are stated exclusive of GST.

14. Related party transactions

The Responsible Entity of GCQ Flagship Fund (the "Fund"), is Equity Trustees Limited (ABN 46 004 031 298) (AFSL 240975). Specialised Investment and Lending Corporation Pty Ltd acted as Responsible Entity from 1 February 2022 to 6 November 2022. Equity Trustees Limited became Responsible Entity of the Fund on 7 November 2022. Accordingly, transactions with entities related to Equity Trustees Limited and the former Responsible Entity, Specialised Investment and Lending Corporation Pty Ltd are disclosed below.

The Responsible Entity has contracted services to GCQ Funds Management Pty Ltd to act as Investment Manager, Morgan Stanley & Co. International plc act as Custodian and Apex Fund Services Pty Ltd (an Apex Group Company) to act as Administrator and Registrar for the Fund. The contracts are on normal commercial terms and conditions.

a. Key management personnel

i. Directors

The following persons held office as director of Specialised Investment and Lending Corporation Pty Ltd from 1 February 2022 to 6 November 2022:

Michelle Tay
Koby Jones

The following persons held office as directors of Equity Trustees Limited from 7 November 2022 and up to the signing date of this report:

Philip D Gentry	Chairman
Michael J O'Brien	
Russell W Beasley	
Mary A O'Connor	
David B Warren	(appointed 6 March 2023)

ii. Responsible Entity

Other than fees paid to the Responsible Entity, there were no other transactions.

iii. Other key management personnel

There were no other key management with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

b. Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

c. Key management personnel unit holdings

Key management personnel did not hold units in the Fund as at 30 June 2023 (2022: nil).

d. Key management personnel compensation

Up until 6 November 2022, key management personnel was paid by Specialised Investment and Lending Corporation Pty Ltd. Payments made from the Fund to Specialised Investment and Lending Corporation Pty Ltd did not include any amounts directly attributable to the compensation of key management personnel.

For the period 7 November 2022 to 30 June 2023, key management personnel are paid by EQT Services Pty Ltd. Payments made from the Fund to Equity Trustees Limited do not include any amounts directly attributable to the compensation of key management personnel or their personally related entities at any time during the reporting period.

e. Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

14. Related party transactions (continued)

f. Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving management personnel's interests existing at year end.

g. Responsible Entity fees, Investment Manager's fees and other transactions

Under the terms of the Fund's Constitution, Product Disclosure Statement and Offering Memorandum for the Fund, the Responsible Entity and the Investment Manager are entitled to receive fees. The Investment Manager is also entitled to a performance fee.

The transactions during the year and amounts payable as at year end between the Fund, the Responsible Entity and the Investment Manager were as follows:

	Year ended 30 June 2023 \$	For the period 1 February 2022 to 30 June 2022 \$
Management fees for the year	782,921	135,167
Expense cap reimbursement for the year	120,839	-
Management fees payable at year end	103,284	3,574
Expense cap reimbursement receivable at year end	34,610	-

Specialised Investment and Lending Corporation Pty Ltd earned \$18,574 for Responsible Entity services provided to the Fund from 1 July 2022 to 6 November 2022 (2022: \$16,250) with no fees payable at year end (2022: nil).

Equity Trustees Limited earned \$22,652 for Responsible Entity services provided to the Fund from 7 November 2022 to 30 June 2023 (2022: nil) with no fees payable at year end (2022: nil).

The Fund appointed GCQ Funds Management Pty Ltd, as the investment manager. Under the Product Disclosure Statement and Offering Memorandum, the Investment Manager receives a fee at an annual rate of 1.25% of the net asset value attributable to unit holders. Under the Product Disclosure Statement and Offering Memorandum, the Investment Manager receives a performance fee of 15% for the outperformance of the unit classes, subject to the High-Water Mark increased by the Hurdle.

For information on how management and performance fees are calculated please refer to the Fund's Product Disclosure Statement and Offering Memorandum.

h. Related party unit holdings

Parties related to the Fund (including Equity Trustees Limited, its related parties and other schemes managed by Equity Trustees Limited and the Investment Manager) held no units in the Fund as at 30 June 2023 (30 June 2022: nil).

i. Investments

The Fund did not hold any investments in Equity Trustees Limited or its related parties during the year (2022: nil).

15. Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the statement of financial position as at 30 June 2023 or on the results and cash flows of the Fund for the year ended on that date.

16. Contingent assets and liabilities and commitments

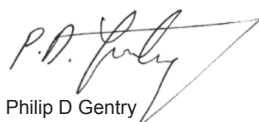
There were no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the directors of the Responsible Entity:

- a. The financial statements and notes set out on pages 6 to 26 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its performance for the financial year ended on that date.
- b. There are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- c. Note 2(a) confirms that the financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors of Equity Trustees Limited through a delegated authority given by Equity Trustees Limited's Board.



Philip D Gentry
Chairman

Melbourne
6 October 2023

Independent Auditor's Report to the unitholders of GCQ Flagship Fund

Opinion

We have audited the financial report of GCQ Flagship Fund (the Fund), which comprises the statement of financial position as at 30 June 2023, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Fund is in accordance with the *Corporations Act 2001*, including:

- a. Giving a true and fair view of the Fund's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial report and auditor's report thereon

The Directors of the Equity Trustees Limited (Responsible Entity) are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The Directors of the Responsible Entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors of the Responsible Entity are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors of the Responsible Entity.
- ▶ Conclude on the appropriateness of the Directors of the Responsible Entity of the Funds' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



**Building a better
working world**

We communicate with the Directors of the Responsible Entity regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Jonathan Hall
Partner
Sydney
6 October 2023